



THE ADECCO GROUP

Q2 2018 results

9 August 2018

Disclaimer & note on terminology

Forward-looking statements

Information in this release may involve guidance, expectations, beliefs, plans, intentions or strategies regarding the future. These forward-looking statements involve risks and uncertainties. All forward-looking statements included in this release are based on information available to Adecco Group AG as of the date of this release, and we assume no duty to update any such forward-looking statements. The forward-looking statements in this release are not guarantees of future performance and actual results could differ materially from our current expectations. Numerous factors could cause or contribute to such differences. Factors that could affect the Company's forward-looking statements include, among other things: global GDP trends and the demand for temporary work; changes in regulation affecting temporary work; intense competition in the markets in which the Company operates; integration of acquired companies; changes in the Company's ability to attract and retain qualified internal and external personnel or clients; the potential impact of disruptions related to IT; any adverse developments in existing commercial relationships, disputes or legal and tax proceedings.

Non-US GAAP measures used

'Organic growth' excludes the impact of currency, acquisitions and divestitures.

'EBITA' refers to operating income before amortisation and impairment of goodwill and intangible assets.

'Net debt' comprises short-term and long-term debt less cash and cash equivalents and short-term investments.

'Free cash flow' comprises cash flows from operating activities less capital expenditures.

'Cash conversion' is calculated as last 4 quarters of free cash flow before interest and tax paid (FCFBIT) divided by last 4 quarters of EBITA excluding one-offs.

'Conversion ratio' is calculated as EBITA excluding one-offs divided by gross profit.

'Net debt to EBITDA' is calculated as net debt at period end divided by last 4 quarters of EBITA excluding one-offs plus depreciation.

Agenda

- Highlights Q2 2018 - Alain Dehaze, Group CEO
- Financial Performance - Hans Ploos van Amstel, Group CFO
- Strategic and Operational Progress - Alain Dehaze, Group CEO
- Questions & Answers



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Highlights Q2 2018

Alain Dehaze
Group CEO

Key highlights from the Q2 2018 results

Q2 2018 financial summary

- Revenue growth 4% organically and trading days adjusted (TDA)
- Return to growth in North America General Staffing, +3% TDA
- Continued strong performance in permanent placement, revenues up 18% organically
- Gross margin 18.3%; stable year-on-year. Trend in temp staffing price/mix similar to Q1 2018 (-10 bps)
- EBITA margin excluding one-offs 4.5%; down 30 bps, incl. strategic investments impact of -30 bps
- Revenues in June/July up 4%

Strategic progress

- Sale of equity interest in IQN/Beeline Holdings – realising significant value for shareholders
- Acquisition of General Assembly completed 31 May – positive on synergy potential



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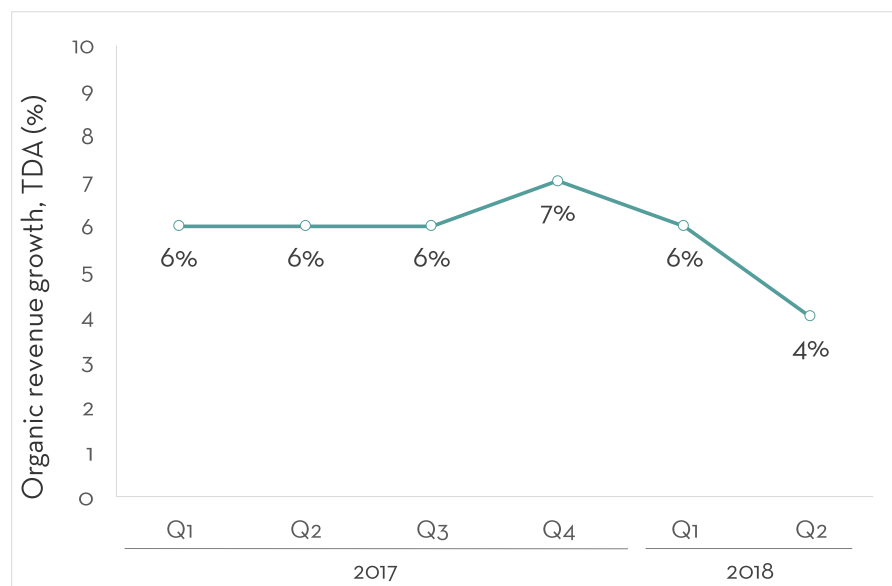
Financial performance

Hans Ploos van Amstel

Group CFO

Slower but more balanced revenue growth

Group revenue growth



- Return to growth in North America General Staffing mostly offsets lower growth in Italy, France, Iberia and Benelux & Nordics
- Balance of growth improved

Segment revenue growth

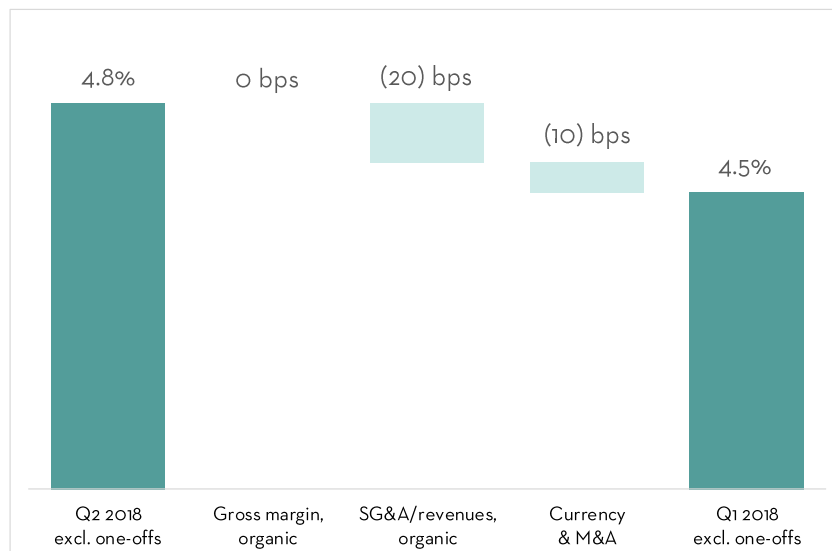
	Organic revenue growth, trading days adjusted	
	Q2 2018	vs market
France	8%	+
NA, UK&I General Staffing	4%	NA = / + UK&I
NA, UK&I Professional Staffing	-2%	NA = / - UK&I
Germany, Austria, Switzerland	4%	G&A - / + CH
Benelux and Nordics	4%	BEN - / + NOR
Italy	11%	=
Japan	3%	=
Iberia	5%	=
Rest of World	5%	=
Career Transition & Talent Dev.	-4%	+
Adecco Group	4%	

+ above market, = in-line with market, - below market

- Broad-based growth across most segments
- Outperforming the market in France, UK&I GS, Switzerland, Nordics and Career Transition
- North America GS fastest growth since Q2 2015

EBITA margin impacted by investments

Group EBITA margin YoY



- EBITA margin excluding one-offs -30 bps YoY
- Strategic investments had a negative impact of 30 bps
- Lower productivity in Germany offset by improvement in other regions

Segment EBITA margins YoY

	EBITA margin excluding one-offs	
	Q2 2018	Variance
France	5.9%	(70) bps
NA, UK&I General Staffing	3.0%	(10) bps
NA, UK&I Professional Staffing	5.6%	(60) bps
Germany, Austria, Switzerland	1.8%	0 bps
Benelux & Nordics	2.5%	(50) bps
Italy	8.4%	30 bps
Japan	7.4%	0 bps
Iberia	5.6%	20 bps
Rest of World	3.6%	50 bps
Career Transition & Talent Dev.	21.5%	(660) bps
Adecco Group	4.5%	(30) bps

- Investments mainly affected NA, UK&I, Japan
- France impacted by reduction in CICE (-60 bps)
- Lower productivity reduced the margin in Germany, Austria, Switzerland
- Career Transition & Talent Development includes consolidation of General Assembly

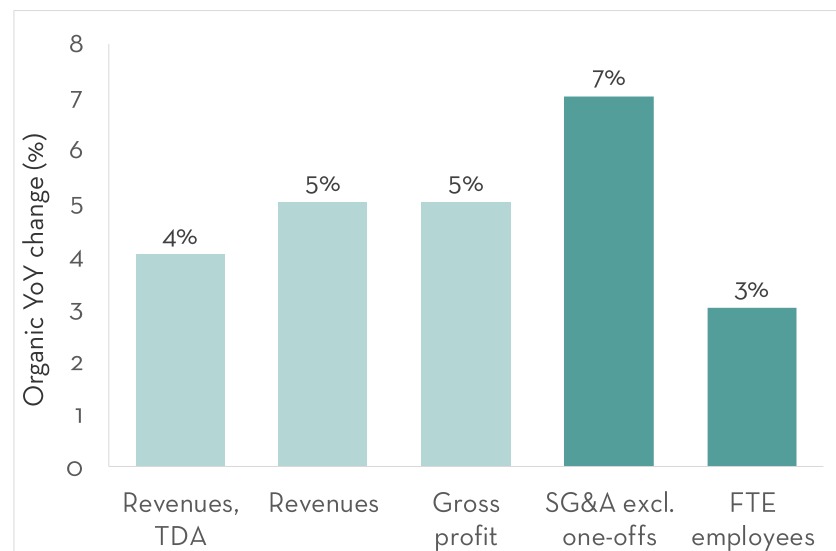
Gross margin stable, SG&A increase driven by investments in strategic initiatives and FTEs

Gross margin YoY

bps	Q1 2018	Q2 2018
Reported	(70)	0
Acquisitions/divestments	10	15
Currency	(20)	(15)
Organic	(60)	0
Temporary staffing	(60)	(15)
Permanent placement	20	20
Career Transition	(20)	(15)
Other	0	10

- Q2 2018 organic gross margin was stable
- Temp staffing gross margin -15 bps in Q2. Positive impact of approx. 10 bps from timing of bank holidays. Underlying temp staffing gross margin -25 bps (CICE -15 bps and price/mix -10 bps)
- Permanent placement +20 bps impact, Career Transition -15 bps impact, Other +10 bps impact

SG&A productivity



- Full-time equivalent (FTE) employees up 3% organically
- SG&A includes investments in strategic initiatives
- Unfavourable comparison with prior year due to very strong productivity growth in Q2 2017

Strong balance sheet and cash flow

Cash conversion

- Cash flows from operations of EUR 303 million in Q2 2018, compared to EUR 237 million in Q2 2017
- For Q2 2018, cash conversion was 78% for the last four quarters, compared to 80% in FY 2017
- DSO 53 days in Q2 2018 up from 51 days in Q2 2017 and stable compared to Q1 2018

Net debt

- Net debt EUR 1,576 million at end of June 2018, vs. EUR 1,143 million at end of March 2018
- Net debt to EBITDA excl. one-offs 1.4x at 30 June 2018 vs 1.0x at 31 March 2018, and 0.8x at 30 June 2017.
- YoY increase in net debt driven by M&A, dividend payment and completion of the 2017 share buyback



○ = net debt to EBITDA excluding one-offs

Exit rate and gross margin

- Revenue growth in June and July combined was 4%, organically and trading days adjusted
- In Q3 2018, there are not anticipated to be any significant one-off effects on the Group gross margin
- The Group is on track to deliver EUR 50 million GrowTogether productivity savings in 2018, supporting an improvement in the EBITA margin trend in the second half



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Strategic and operational progress

Alain Dehaze

Group CEO

Portfolio management: sale of IQN/Beeline Holdings stake

- Beeline, a leading Vendor Management System (VMS) platform, joined the Adecco Group as part of the MPS Group acquisition in 2010
- Synergies with Pontoon's Managed Service Provider (MSP) business have reduced as client preferences moved towards independent VMS providers
- Merger with IQN in December 2016 created the leading independent VMS provider, and significant cost synergies
- Beeline deconsolidated since Dec' 16; no further earnings dilution resulting from proposed sale
- Total proceeds from disposal: > EUR 300 million
- Portfolio management in practice - proceeds support investments in strategic initiatives
- Expected to close during Q3 2018

General Assembly acquisition completed in May

- GA, a leader in digital skills transformation, officially joined the Group on 31 May 2018
- Positive response from clients – strong interest to explore the Group’s enhanced workforce transformation possibilities
- First joint meetings with clients confirm that substantial synergies exist, particularly with Lee Hecht Harrison and Modis
- GA’s expertise and capabilities further reinforce our Thought Leadership



Concluding messages of Q2 2018

- Slower but more balanced revenue growth. June/July combined up 4%, organically and trading days adjusted
- Continued investment in our Perform, Transform, Innovate agenda
 - GrowTogether initiatives are improving recruiting efficiency, sales effectiveness and our back-office processes
 - Progress on portfolio optimisation with sale of IQN/Beeline Holdings stake and acquisition of General Assembly



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Questions & Answers

Key Dates 2018 & 2019

Date	Event
19 September 2018	Analyst and Investor Seminar
6 November 2018	Q3 2018 results
28 February 2019	Q4 2018 results
7 May 2019	Q1 2019 results
8 August 2019	Q2 2019 results



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Thank you